

House File 2336 - Introduced

HOUSE FILE 2336

BY JACOBSEN

A BILL FOR

1 An Act reducing the state sales and use tax rates and including
2 effective date provisions.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 1, unnumbered
2 paragraph 1, Code 2022, is amended to read as follows:

3 There is imposed a tax ~~of six percent~~ at the rate specified
4 in subsection 12 upon the sales price of all sales of tangible
5 personal property, sold at retail in the state to consumers or
6 users except as otherwise provided in [this subchapter](#).

7 Sec. 2. Section 423.2, subsections 2 and 3, Code 2022, are
8 amended to read as follows:

9 2. A tax ~~of six percent~~ at the rate specified in subsection
10 12 is imposed upon the sales price of the sale or furnishing
11 of gas, electricity, water, heat, pay television service, and
12 communication service, including the sales price from such
13 sales by any municipal corporation or joint water utility
14 furnishing gas, electricity, water, heat, pay television
15 service, and communication service to the public in its
16 proprietary capacity, except as otherwise provided in this
17 subchapter, when sold at retail in the state to consumers or
18 users.

19 3. A tax ~~of six percent~~ at the rate specified in subsection
20 12 is imposed upon the sales price of all sales of tickets
21 or admissions to places of amusement, fairs, and athletic
22 events except those of elementary and secondary educational
23 institutions. A tax ~~of six percent~~ at the rate specified in
24 subsection 12 is imposed on the sales price of an entry fee or
25 like charge imposed solely for the privilege of participating
26 in an activity at a place of amusement, fair, or athletic event
27 unless the sales price of tickets or admissions charges for
28 observing the same activity are taxable under [this subchapter](#).
29 A tax ~~of six percent~~ at the rate specified in subsection 12
30 is imposed upon that part of private club membership fees or
31 charges paid for the privilege of participating in any athletic
32 sports provided club members.

33 Sec. 3. Section 423.2, subsection 4, paragraph a, Code 2022,
34 is amended to read as follows:

35 a. A tax ~~of six percent~~ at the rate specified in subsection

1 12 is imposed upon the sales price derived from the operation
2 of all forms of amusement devices and games of skill, games of
3 chance, raffles, and bingo games as defined in [chapter 99B](#), and
4 card game tournaments conducted under [section 99B.27](#), that are
5 operated or conducted within the state, the tax to be collected
6 from the operator in the same manner as for the collection of
7 taxes upon the sales price of tickets or admission as provided
8 in [this section](#). Nothing in [this subsection](#) shall legalize any
9 games of skill or chance or slot-operated devices which are now
10 prohibited by law.

11 Sec. 4. Section 423.2, subsection 5, Code 2022, is amended
12 to read as follows:

13 5. There is imposed a tax ~~of six percent~~ at the rate
14 specified in subsection 12 upon the sales price from the
15 furnishing of services as defined in [section 423.1](#).

16 Sec. 5. Section 423.2, subsection 7, paragraph a,
17 unnumbered paragraph 1, Code 2022, is amended to read as
18 follows:

19 A tax ~~of six percent~~ at the rate specified in subsection 12
20 is imposed upon the sales price from the sales, furnishing, or
21 service of solid waste collection and disposal service.

22 Sec. 6. Section 423.2, subsection 8, paragraph a, Code 2022,
23 is amended to read as follows:

24 a. A tax ~~of six percent~~ at the rate specified in subsection
25 12 is imposed on the sales price from sales of bundled
26 transactions. For the purposes of [this subsection](#), a "*bundled*
27 *transaction*" is the retail sale of two or more distinct and
28 identifiable products, except real property and services to
29 real property, which are sold for one nonitemized price. A
30 "*bundled transaction*" does not include the sale of any products
31 in which the sales price varies, or is negotiable, based on
32 the selection by the purchaser of the products included in the
33 transaction.

34 Sec. 7. Section 423.2, subsection 9, Code 2022, is amended
35 to read as follows:

1 9. A tax of six percent at the rate specified in
2 subsection 12 is imposed upon the sales price from any mobile
3 telecommunications service, including all paging services,
4 that this state is allowed to tax pursuant to the provisions
5 of the federal Mobile Telecommunications Sourcing Act, Pub.
6 L. No. 106-252, 4 U.S.C. §116 et seq. For purposes of this
7 subsection, taxes on mobile telecommunications service, as
8 defined under the federal Mobile Telecommunications Sourcing
9 Act that are deemed to be provided by the customer's home
10 service provider, shall be paid to the taxing jurisdiction
11 whose territorial limits encompass the customer's place of
12 primary use, regardless of where the mobile telecommunications
13 service originates, terminates, or passes through and
14 shall in all other respects be taxed in conformity with
15 the federal Mobile Telecommunications Sourcing Act. All
16 other provisions of the federal Mobile Telecommunications
17 Sourcing Act are adopted by the state of Iowa and incorporated
18 into this subsection by reference. With respect to mobile
19 telecommunications service under the federal Mobile
20 Telecommunications Sourcing Act, the director shall, if
21 requested, enter into agreements consistent with the provisions
22 of the federal Act.

23 Sec. 8. Section 423.2, subsection 10, paragraph a, Code
24 2022, is amended to read as follows:

25 a. A tax of six percent at the rate specified in subsection
26 12 is imposed on the sales price of specified digital products
27 sold at retail in the state. The tax applies whether the
28 purchaser obtains permanent use or less than permanent use of
29 the specified digital product, whether the sale is conditioned
30 or not conditioned upon continued payment from the purchaser,
31 and whether the sale is on a subscription basis or is not on a
32 subscription basis.

33 Sec. 9. Section 423.2, subsection 12, Code 2022, is amended
34 by striking the subsection and inserting in lieu thereof the
35 following:

1 12. *a.* For the period beginning January 1, 2023, through
2 December 31, 2050, the sales tax rate is one and one-half
3 percent.

4 *b.* Beginning January 1, 2051, the sales tax rate is one-half
5 percent.

6 Sec. 10. Section 423.5, subsection 1, unnumbered paragraph
7 1, Code 2022, is amended to read as follows:

8 Except as provided in paragraph `b`, an excise tax at the
9 rate of ~~six percent~~ of specified in subsection 4 is imposed on
10 the purchase price or installed purchase price ~~is imposed~~ on
11 the following:

12 Sec. 11. Section 423.5, subsection 1, paragraph b, Code
13 2022, is amended to read as follows:

14 *b.* An excise tax at the rate of ~~five percent~~ specified
15 in subsection 4 is imposed on the use of vehicles subject
16 only to the issuance of a certificate of title and the use of
17 manufactured housing, and on the use of leased vehicles, if
18 the lease transaction does not require titling or registration
19 of the vehicle, on the amount subject to tax as calculated
20 pursuant to [section 423.26, subsection 2](#).

21 Sec. 12. Section 423.5, subsection 4, Code 2022, is amended
22 by striking the subsection and inserting in lieu thereof the
23 following:

24 4. *a.* For the period beginning January 1, 2023, through
25 December 31, 2050, the use tax rate is one and one-half
26 percent.

27 *b.* Beginning January 1, 2051, the use tax rate is one-half
28 percent.

29 Sec. 13. EFFECTIVE DATE. This Act takes effect January 1,
30 2023.

31 EXPLANATION

32 The inclusion of this explanation does not constitute agreement with
33 the explanation's substance by the members of the general assembly.

34 Currently, the state sales and use tax rates are set at 6
35 percent. In the future, the state sales and use tax rates

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1 are reduced from 6 percent to 5 percent beginning January 1,
2 2051, due to the repeal of the secure an advanced vision for
3 education fund (SAVE).

4 This bill reduces the state sales and use tax rates from 6
5 percent to 1.5 percent beginning January 1, 2023. The bill
6 further reduces the state sales and use tax rates from 1.5
7 percent to .5 percent beginning January 1, 2051, due to the
8 repeal of SAVE.

9 The bill takes effect January 1, 2023.